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ANDREW J. VORBRICH
TYREN R. CUDNEY
STEVEN M. BROWN
KRISTEN L. GETTING

RECEIVED
2005 SEP -9 AM 9:20
T.R.A. DOCKET ROOM
OF COUNSEL
JOHN T. PETERS, JR.
VINCENT T. EARLY
(1922-2001)
JOSEPH J. BURGIE
(1926-1992)
THOMPSON BENNETT
(1912-2004)

VIA EMAIL AND FEDEX

September 8, 2005

Sharla Dillon, Docket Room
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243

RE: Petition of Authority for IBFA Acquisition Company, LLC d/b/a Farm Bureau
Connection to Acquire Certain Assets of American Farm Bureau, Inc.
Docket No 05-00238

Dear Ms. Dillon

In accordance with the request of Aster Adams, enclosed for filing with the Regulatory Authority, please find an original and thirteen (13) copies of the response to DATA REQUEST NO. 1

Also enclosed is an exact duplicate of this letter. Please date-stamp the duplicate and return same to me in the enclosed postage-paid envelope

Please contact the undersigned should you have any questions or concerns.

Very truly yours,

EARLY, LENNON, CROCKER & BARTOSIEWICZ, P.L.C.

Patrick D. Crocker

PDC/bmr

enc

- 1 Have the petitioners filed similar petitions or notices in other states? If so, provide a listing of states and action taken.

Yes.

STATUS	
(date indicates approval)	
AL	7/12/05
AR	5/17/05
CA	PENDING
CT	PENDING
FL	7/29/05
GA	PENDING
ID	5/17/05
IN	4/25/05
IA	5/10/05
KS	5/16/05
KY	5/16/05
LA	PENDING
MD	5/13/05
MA	5/13/05
MI	PENDING
MN	6/27/05
MS	7/22/05
MO	7/17/05
MT	PENDING
NE	6/28/05
NV	PENDING
NJ	5/26/05
NY	8/17/05
ND	5/16/05
OK	PENDING
OR	PENDING
PA	5/12/05
TX-LD	5/12/05
TX-Loc	6/15/05
UT	4/27/05
VT	PENDING
VA	4/27/05
WA	6/10/05
WV	8/31/05
WI	5/17/05
214	5/4/05

International Filing

Applicant served notice in the following jurisdictions where no additional Commission action is required for this type of transaction: Arizona, Colorado, Delaware, District of Columbia, Illinois, New Hampshire, North Carolina, South Carolina, and Wyoming.

-
2. Have the petitioners filed a similar petition with the FCC or other federal agency? If so, list any action taken and the associated file(s) or document number(s). If a schedule to complete the review of your petition has been established by any federal agency, provide such in response.

IBFA Acquisition Company, LLC was granted International Section 214 authority on May 19, 2005, File No. ITC-214-20050425-00157.

Petitioners filed Notice with the International Bureau of the FCC in accordance with the FCC's streamlined process. The Notice certified compliance with the requirement to provide advanced customer notice in accordance with 47 C.F.R. 64.1120(e)(3), and included a copy of the advanced subscriber notice consistent with 47 C.F.R. 64.1120(e)(1). All such Notices are filed in Docket No. 00-257.

The FCC acknowledged the Notice on May 4, 2005. No further action is required with respect to the International authority.

Pursuant to Section 214 of the Communications Act of 1934, as Amended, Petitioners filed a Domestic application to transfer the local and interexchange customer base of an authorized Domestic Carrier with the FCC on or around September 1. No file or docket number had been assigned at the time of this filing with the TRA. We expect the FCC to grant this Domestic transfer of control application on or before October 15, 2005.

- 3 Provide the number of customers that American Farm Bureau, Inc. ("AFBI") currently has in Tennessee

AFBI currently has 4,500 customers in Tennessee.

4. Will all AFBI customers in Tennessee be transferred to IBFA Acquisition Company, LLC, d/b/a Farm Bureau Connection ("IBFA")?

Yes.

- 5 What telecommunication services will AFBI continue to provide under its current CCN in Tennessee after the transfer?

None.

6. Verify all current CCNs issued with the Authority and provide copies of all current business licenses of IBFA and AFBI filed with the Tennessee Secretary of State's Office

IBFA's CCN is pending in Docket No 05-00151. IBFA's current business license filed with the Tennessee Secretary of State is attached hereto

AFBI's certificates and licenses were attached to the original Petition as Exhibit A. No other documentation is currently available.

Secretary of State

Division of Business Services

312 Eighth Avenue North

6th Floor, William R. Snodgrass Tower

Nashville, Tennessee 37243

DATE: 03/09/05

REQUEST NUMBER: 5380-1043

TELEPHONE CONTACT: (615) 741-2286

FILE DATE/TIME: 03/07/05 1006

EFFECTIVE DATE/TIME: 03/07/05 1006

CONTROL NUMBER: 0489144

TO:

**CORPORATION GUARANTEE AND TRUST CO
2 GREENWOOD SQ S110
3331 STREET ROAD
BENSALEM, PA 19020**

RE:

**IBFA ACQUISITION COMPANY, LLC
APPLICATION FOR CERTIFICATE OF AUTHORITY -
LIMITED LIABILITY COMPANY**

**WELCOME TO THE STATE OF TENNESSEE. THE ATTACHED LIMITED LIABILITY COMPANY
CERTIFICATE OF AUTHORITY HAS BEEN FILED WITH AN EFFECTIVE DATE AS INDICATED
ABOVE.**

**A LIMITED LIABILITY COMPANY ANNUAL REPORT MUST BE FILED WITH THE SECRETARY OF
STATE ON OR BEFORE THE FIRST DAY OF THE FOURTH MONTH FOLLOWING THE CLOSE OF TH
LIMITED LIABILITY COMPANY'S FISCAL YEAR. ONCE THE FISCAL YEAR HAS BEEN
ESTABLISHED, PLEASE PROVIDE THIS OFFICE WITH WRITTEN NOTIFICATION. THIS OFFICE
WILL MAIL THE REPORT DURING THE LAST MONTH OF SAID FISCAL YEAR TO THE LIMITED
LIABILITY COMPANY AT THE ADDRESS OF ITS PRINCIPAL OFFICE OR TO A MAILING
ADDRESS PROVIDED TO THIS OFFICE IN WRITING. FAILURE TO FILE THIS REPORT OR TO
MAINTAIN A REGISTERED AGENT AND OFFICE WILL SUBJECT THE LIMITED LIABILITY
COMPANY TO ADMINISTRATIVE REVOCATION OF ITS CERTIFICATE OF AUTHORITY.**

**WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE
REFER TO THE LIMITED LIABILITY COMPANY CONTROL NUMBER GIVEN ABOVE.**

**FOR: APPLICATION FOR CERTIFICATE OF AUTHORITY -
LIMITED LIABILITY COMPANY**

ON DATE: 02/28/05

**FROM:
CORPORATION GUARANTEE AND TRUST CO/3331
3331 STREET ROAD
SUITE 110
BENSALEM, PA 19020-0000**

**RECEIVED: FEES \$300.00 \$0.00
TOTAL PAYMENT RECEIVED: \$300.00**

**RECEIPT NUMBER: 00003666075
ACCOUNT NUMBER: 00362848**

Riley C Darnell

**RILEY C DARNELL
SECRETARY OF STATE**



State of Tennessee



Department of State
Corporate Filings
312 Eighth Avenue North
6th Floor, William R. Snodgrass Tower
Nashville, TN 37243

APPLICATION FOR
CERTIFICATE OF AUTHORITY
(Limited Liability Company)

RECEIVED
For Office Use Only
STATE OF TENNESSEE

05 FEB 28 AM 9:07

WILEY DARNELL
SECRETARY OF STATE

To the Secretary of State of the State of Tennessee:

Pursuant to the provisions of § 48-246-301 of the Tennessee Limited Liability Company Act, the undersigned hereby applies for a certificate of authority to transact business in the State of Tennessee, and for that purpose sets forth

1. The name of the Limited Liability Company is: IBFA ACQUISITION COMPANY, LLC

If different, the name under which the certificate of authority is to be obtained is: _____

NOTE: The Secretary of State of the State of Tennessee may not issue a certificate of authority to a foreign Limited Liability Company if its name does not comply with the requirements of § 48-207-101 of the Tennessee Limited Liability Company Act. If obtaining a certificate of authority under an assumed Limited Liability Company name, an application must be filed pursuant to § 48-207-101(d).

2 The state or country under whose law it is formed is: Michigan

3. The date of its organization is May 25, 2004 (must be month, day and year)

4 The complete street address (including zip code) of its principal office is:

1850 Howard Street, Unit C, Elk Grove Village, IL 60007
Street City/State Zip Code

5. The complete street address (including the county and the zip code) of its registered office in Tennessee

315 Deaderick Street, Suite 1100, Nashville, TN 37238
Street City/State County Zip Code

The name of its registered agent at that office is: Joseph Martin, Jr.

6. The number of members at the date of filing 2

7. If the limited liability company commenced doing business in Tennessee prior to the approval of this application, the date of commencement (month, day and year) _____

NOTE: This application must be accompanied by a certificate of existence (or a document of similar import) duly authenticated by the Secretary of State or other official having custody of the Limited Liability Company records in the state or country under whose law it is organized. The certificate shall not bear a date of more than two (2) months prior to the date the application is filed in this state.

Signature Date

2/8/05

Signer's Capacity

U.P.

IBFA ACQUISITION COMPANY, LLC
Name of Limited Liability Company

Signature

James Grabowski

Name (typed or printed)

James Grabowski

-
7. Confirm that petitioners will continue to operate under their present CCNs issued by the Authority and business licenses as filed with the Tennessee Secretary of State.

As indicated in Section I. B. of the Petition, AFBI is voluntarily terminating their authorizations to provide telecommunications services under the CCNs issued by the Authority. AFBI will cancel their authority to operate under the assumed name *The Farm Bureau Connection*, but will maintain their authority to transact business as a foreign corporation in the State of Tennessee.

Once granted, IBFA will continue to operate under the CCN issued by the Authority and will operate under the business licenses as filed with the Tennessee Secretary of State

- 8 Provide current organizational charts of IBFA and AFBI before and after the transaction.

IBFA

BEFORE

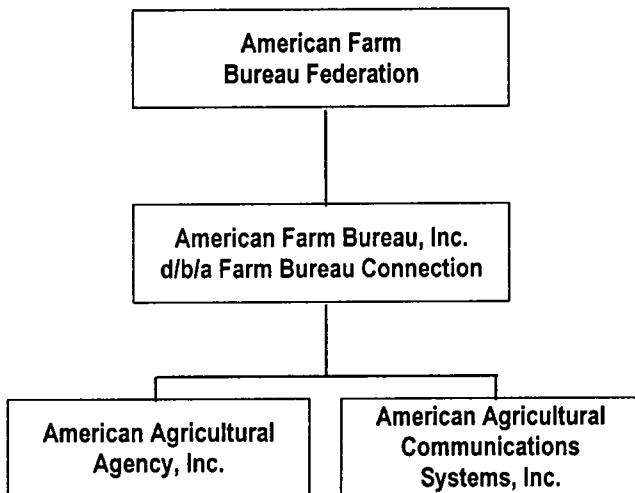


AFTER

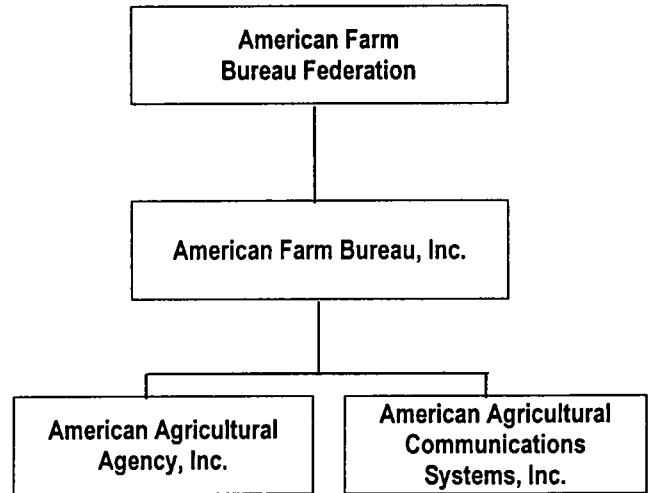


AFBI

BEFORE



AFTER



9. File the Asset Purchase Agreement the Petitioners entered into on January 31, 2005, per the Petition filed with the TRA on August 22, 2005.

The Asset Purchase Agreement is attached hereto as **Exhibit A**.

- 10 Provide a signed statement and/or verifications from both Petitioners, attorneys or their legal party representatives verifying that the information contained in the Petition is true and correct to their best knowledge, information, and belief.

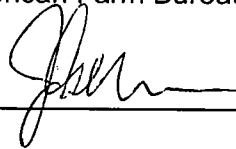
Verifications from both Petitioners are attached hereto

VERIFICATION

I, JULIAN GEHMAN, ATTORNEY for American Farm Bureau, Inc.,
am authorized to make this verification on its behalf. I do hereby verify that I have read the
foregoing Application and the statements made therein are true, correct, and complete to the
best of my knowledge, information, and belief.

Executed on the 7th day of SEPTEMBER 2005

American Farm Bureau, Inc.



Subscribed and sworn before me this 7th day of September 2005



Notary Public

TONIE R. DAVIS, III
Notary Public of District of Columbia
My Commission Expires October 31, 2007

VERIFICATION

I, Patrick D. Crocker, am the Secretary of IBFA Acquisition Company, LLC and am authorized to make this verification on its behalf. I do hereby verify that I have read the foregoing Application and the statements made therein are true, correct, and complete to the best of my knowledge, information, and belief

Executed on the 8th day of September 2005

IBFA Acquisition Company, LLC



Patrick D. Crocker

Subscribed and sworn before me this 8th day of September 2005



Notary Public Susan E. Ritchie
Commission Expires 08/14/10
Cass Acting in Kalamazoo County, Michigan

EXHIBIT A

Asset Purchase Agreement

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") dated as of January 31, 2005, executed by AMERICAN FARM BUREAU, INC., ("Seller"), and IBFA ACQUISITION COMPANY, LLC, ("Buyer"), is made in consideration of the mutual covenants and agreements contained herein and provides as follows:

ARTICLE I **PURCHASE OF ASSETS**

1.1 Purchase of Assets. Subject to the terms and conditions set forth in this Agreement, the Seller shall convey, transfer, assign and deliver to the Buyer, and the Buyer shall acquire and assume from the Seller, all of the Seller's right, title and interest in and to, and specified obligations under, the following assets used in or held for use by the Seller (other than the Excluded Assets) in the business of the Seller performed under the names Farm Bureau Connection, FB Connection, FB Connect and Cost Plus Communications (the "Business") as the same exist as of the Closing Date, whether tangible or intangible and whenever and wherever located (the "Assets"):

(a) All phone equipment located at 1850 Howard Street, Unit C, Elk Grove Village, Illinois 60007, along with customer service module, PBX and associated equipment, and equipment list of servers, computers, and furniture on a schedule to be mutually agreed upon by the parties, except for Assets that are deemed obsolete or no longer are owned or in the possession of the Seller. (A copy of the equipment appears as Schedule 1.1(a)).

(b) A non-exclusive, non-transferable license to use the designation FB Country only to convey to customers of the Business the location of the hyperlinks identified by the Farm Bureau Connection, FB Connection, and FB Connect, and Cost Plus Communications. The following shall be specifically excluded from this transaction, and otherwise not transferred: FB Apparel, FB Grainger, FB Satellite, FB Auction, FB Acres and all associated member service programs. Purchaser shall be licensed the use of FB Country name, Farm Bureau Connection name, FB Connection name and the FB Connect name from the American Farm Bureau Federation ("AFBF") pursuant to a licensing agreement substantially in the form of Exhibit A (the "License and Royalty Agreement") and shall not purchase the names FB Country, Farm Bureau Connection, FB Connection, and FB Connect.

(c) All contracts of the Business with vendors set forth on Schedule 3.8(a), including all interconnection agreements with all major ILECS, to the extent such contracts are assignable.

(d) All PUC/PSC/FCC licenses, CPCNs and tariffs authorizing Seller to do business in all relevant states set forth on Schedule 1.1(d), to the extent assignable, or transferable.

(e) All rights to the name "Cost Plus Communications" that Seller has at the time of closing.

(f) The customer base as of the Closing Date.

(g) All relevant marketing agreements with State Farm Bureaus required in order to continue the Business.

(h) The furniture currently used by FB Connection and FB Connect personnel as set forth in Schedule 1.1(a).

(i) All causes of action, choses in action, rights of recovery and rights of set off or offset of every kind and nature directly related to the Business.

(j) All goodwill of the Business.

(k) Copies of all financial and business records and files directly pertaining to the Business.

1.2 Assets Purchased Free of Liens. All of the Assets shall be sold, assigned, transferred, conveyed and delivered to the Buyer, free and clear of all liens, encumbrances, or claims, except for liens, claims or encumbrances set forth on Schedule 3.5.

1.3 Excluded Assets. All other assets owned or used by the Seller in the Business not specifically set forth in Section 1.1 (the "Excluded Assets") shall not be conveyed, sold or transferred and are not included in the Assets. Buyer shall acquire no interest in any other assets or businesses of Seller.

1.4 Assumed Liabilities. Subject to the terms and conditions of, and on the basis of and in reliance upon the covenants, agreements and representations and warranties set forth in this Agreement, at the Closing, Buyer shall assume and agree to discharge when due the liabilities and obligations of the Buyer relating to its ownership or use of the Assets and the Business which arise on or after the Closing Date and liabilities and obligations arising under the Assigned Contracts after the Closing Date, as well as any and all Public Utility Commissions litigations (collectively, the "Assumed Liabilities"). The Assumed Liabilities are set forth in Schedule 1.4. In addition, the buyer shall assume the lease for 1850 Howard Street, Unit C, Elk Grove Village, IL 60007. Schedule 1.4 shall also include the lease obligations for 1850 Howard Street, Unit C, Elk Grove, Illinois 60007, which Buyer agrees to use reasonable efforts to cause the landlord to release Seller. However, if the Landlord will not release Seller, Buyer shall defend, indemnify and hold harmless Seller from any liability under the lease caused by acts or omissions of Buyer which result in a breach thereof. CAM and real estate taxes or other charges or assessments due for periods that Seller occupied the property shall be reimbursed to Buyer if Buyer is billed for the same.

1.5 Excluded Liabilities. Except as otherwise specifically provided for in Section 1.4, Buyer shall not assume any other liabilities of the Seller of any kind or nature, whether known or unknown as of the Closing Date or the date of subsequent transfer of any of the Assets or otherwise relating to or arising during a period prior to the Closing Date, whether fixed or contingent, and however arising (the "Excluded Liabilities"), and the transfer of the Assets pursuant to this Agreement shall be free and clear of all liabilities, liens or other obligations of the Seller of any kind whatsoever, except for Permitted Encumbrances. For the convenience of the parties, Seller shall prepare a complete list of all bills incurred prior to February 1, 2005, and a list of vendors which specifically indicate all usage charges to that date, all of which bills or charges shall be Seller's responsibility.

ARTICLE II

CONSIDERATION

2.1 Purchase Price. Subject to the conditions set forth in this Article II, the total purchase price (the "Purchase Price") payable for the Assets shall be One Million Five Hundred Forty Thousand (\$1,540,000) Dollars. In addition, the Buyer shall make reasonable efforts to collect accounts receivable of the Business existing on the Closing Date on behalf of the Seller as has been done in the Seller's normal course of doing business. Buyer shall promptly remit the collected accounts receivable to Seller within seven (7) days of collection. Receivable collections shall be directed to the current lock-box which shall continue to be maintained under the exclusive control of Seller. Seller shall pay Buyer eight (8%) per cent of the Business accounts receivable collected to reimburse for collection of accounts receivable to which Seller is entitled pursuant to paragraph 5.3.

2.2 Manner and Timing of Payment.

(a) Subject to the conditions set forth in this Agreement, the total Purchase Price to be paid for the Assets shall be paid in cash in accordance with the following schedule:

(i) \$50,000.00 advanced on August 31, 2004, which is to be refunded if the Closing does not occur on or before January 31, 2005;

(ii) \$360,000 at the Closing;

(iii) \$250,000.00 on or before August 31, 2005;

(iv) \$250,000.00 on or before January 31, 2006;

(v) \$390,000.00 on or before January 31, 2007; and

(vi) \$240,000.00 for consulting fees as set forth in paragraph 2.5.

2.3 Secured Promissory Note. At the Closing, Buyer shall deliver its Secured Promissory Note in the form of Exhibit B, with a principal amount of \$890,000.00 plus the

\$240,000.00 Consulting Fees, or a total of \$1,130,000.00 and a Security Agreement in the form of Exhibit F. Such Note shall bear interest only to the extent Buyer has not made a required payment and shall be secured by the Assets and by the accounts receivable of Buyer and by the ongoing post-closing accounts receivable of Buyer. The Note shall provide that Buyer shall have the right of set-off for any obligations of Seller which Buyer is required to pay and which Buyer has not assumed in Schedule 1.4.

2.4 Asset Valuation. The Buyer and the Seller hereby agree that the Purchase Price shall be allocated as follows:

\$214,000.00 - the list referenced in paragraph 1.1(a)
\$1,086,000.00 - goodwill
\$240,000.00 – consulting fees

The parties will each report the federal, state and local and other Tax consequences of the purchase and sale contemplated hereby (including the filing of Internal Revenue Service Form 8594) in a manner consistent with such allocation schedules.

2.5 Consulting Agreement. Buyer shall retain the services of Seller as consultant for the period of six (6) months from the date of the Closing for the total sum of \$240,000, payable in six (6) equal monthly installments as set forth in the Consulting Agreement, Exhibit C, executed by the parties. The \$40,000.00 monthly fees shall commence on February 28, 2005, and continue on the last day of each month thereafter until July 31, 2005.

2.6 Non-Competition Agreement. Seller and its affiliates and Buyer and its affiliates agree not to compete with each other or their affiliates for a period of three (3) years from the date of Closing as set forth in the Non-Competition Agreement, Exhibit D, executed by the parties.

ARTICLE III **REPRESENTATIONS AND WARRANTIES OF THE SELLER**

The Seller hereby represents and warrants to the Buyer that:

3.1 Corporate Organization.

(a) The Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois and the Seller has all requisite power and authority to carry on its business as it is now being conducted and to own, lease and operate its properties where such properties and assets are now owned, leased or operated. The Certificate of Incorporation and Bylaws of the Seller, copies of which have been or will be delivered to the Buyer, are true and complete copies of such documents as in effect as of the date of this Agreement.

(b) The Seller has no direct or indirect Subsidiaries that hold title to any of the Assets or are otherwise used in the Business.

(c) American Farm Bureau Federation is the sole shareholder of the Seller.

3.2 Authorization. No further act or proceeding on the part of the Seller is necessary to authorize this Agreement or the other closing documents or the consummation of the transactions contemplated hereby and thereby, except for obtaining shareholder approval, which has been obtained, and regulatory approval. Assuming the due authorization, execution and delivery by Buyer of this Agreement and the other Closing Documents, this Agreement constitutes and, when executed and delivered, the other closing documents will constitute, valid and binding agreements of the Seller enforceable against the Seller in accordance with their respective terms, subject to the effect of any applicable bankruptcy, reorganization, insolvency (including, without limitation, all laws relating to fraudulent transfers), moratorium or similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to the effect of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

3.3 No Violation. Except as disclosed in Schedule 3.3, neither the execution and delivery of this Agreement by the Seller, nor the consummation by the Seller of the transactions contemplated hereby or thereby, nor compliance by the Seller with any of the terms or provisions hereof or thereof, will (i) violate, conflict with or result in a breach of any provision of the Articles of Incorporation or Bylaws of the Seller, (ii) assuming that the consents and approvals referred to in Section 3.4 hereof are duly obtained, (x) violate any statute, code, ordinance, rule, regulation, judgment, order, writ, decree, license or injunction applicable to the Seller, or any of its properties or assets, or (y) violate, conflict with, result in a breach of any provisions of or the loss of any benefit under, constitute a default (or any event, which, with notice or lapse of time, or both would constitute a default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, or result in the creation of any lien, pledge, security interest, charge or other encumbrance upon any of the properties or assets of the Seller under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which the Seller is a party, or by which the Seller or any of its properties or assets may be bound or affected, except (in the case of clause (y) above) for such violations, conflicts, breaches or defaults which, either individually or in the aggregate, will not have a material adverse effect on the Seller.

3.4 Consents and Approvals. To the Seller's knowledge, except for such filings, authorizations, consents or approvals as may be set forth in Schedule 3.4, no consents or approvals of, or filings or registrations with, any court, administrative agency, regulatory agency or commission or other governmental authority or instrumentality (each a "Governmental Entity") or with any third party are necessary in connection with the execution and delivery by the Seller of this Agreement and the consummation by the Seller of the transactions contemplated hereby. Schedule 3.4 sets forth all material telecommunications approvals, PUC/PSC/FCC licenses, CPCNs, tariffs and other material regulatory approvals which the Seller has obtained to operate the Business (the "Regulatory Approvals").

3.5 Ownership of the Assets. Except as disclosed on Schedule 3.5 ("Permitted Encumbrances"), at the Closing the Seller will be the owner of the Assets free and clear of all liens, encumbrances, charges and assessments of any nature, and except as disclosed on Schedules 3.4 and 3.5, the Assets are not subject to any restrictions with respect to transferability. The Seller has full power and authority to assign and transfer the Assets to the Buyer in accordance with the terms of this Agreement without obtaining the consent or approval of any other Person or Governmental Entity (other than the consents set forth in Schedule 3.4). The delivery of the Assets to the Buyer pursuant to this Agreement will transfer valid title thereto, free of all liens, encumbrances, charges and assessments of any kind except as set forth in Schedule 1.4.

3.6 Legal Proceedings. Except as set forth in Schedule 3.6, the Seller is not a party to any, and there are no pending or, to the Seller's knowledge, threatened, legal, administrative, arbitral or other proceedings, claims, actions or governmental or regulatory investigations of any nature against or affecting the Seller or any property or asset of the Seller, before any court, arbitrator, administrative agency or Governmental Entity, domestic or foreign, which would, if resolved against the Seller, either individually or in the aggregate, have a material adverse effect on the Seller or the Business, and the Seller has not received any written notice indicating that such a claim, action, proceeding or investigation against or affecting the Seller which would, either individually or in the aggregate, have a material adverse effect on the Seller or the Business could reasonably be expected to occur. Buyer shall assume the proceedings set forth in Schedule 3.6 from and after the date of closing with the discretion and authority set forth in said Schedule. Buyer shall notify Seller in writing if any existing or future proceedings will affect the Seller and Seller shall have the right to participate fully in said proceedings through counsel of its own choice.

3.7 Compliance with Laws. Except as set forth in Schedule 3.7, the Seller holds all material licenses, franchises, permits and authorizations necessary for the lawful conduct of the Business under and pursuant to all, and has complied with and is not in conflict with, or in default or violation of any (a) statutes, codes, ordinances, laws, rules, regulations, orders, judgments, injunctions or decrees, published policies and guidelines of any Governmental Entity, applicable to the Seller or by which the Business is bound or affected or (b) any note, bond, mortgage, indenture, deed of trust, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which the Seller is a party or by which the Seller or Business is bound or affected, except for such instances of non-compliance that would not cause a material adverse effect; and the Seller neither knows of, nor has received notice of, any violations of any the above.

3.8 Certain Contracts.

- (a) Schedule 3.8(a) contains a complete and accurate list of:

- (i) each contract, agreement or other arrangement that involves payment by the Seller to any third party of an amount or value in excess of \$10,000;
- (ii) each contract, agreement or other arrangement that involves payment to the Seller by any third party of an amount or value in excess of \$10,000;
- (iii) each lease, rental or occupancy agreement, license, installment and conditional sale agreement, and other contract affecting the ownership of, leasing of, title to, or any leasehold or other interest in, any real or personal property;
- (iv) each licensing agreement or other contract with respect to intellectual property, including agreements with current or former employees, consultants, or contractors regarding the appropriation or the non-disclosure of intellectual property rights;
- (v) each collective bargaining agreement and other contract to or with any labor union or other employee representative of a group of employees;
- (vi) each joint venture, partnership, and other contract (however named) involving a sharing of profits, losses, costs, or liabilities by the Seller, with any other Person;
- (vii) each contract containing covenants that in any way purport to restrict the Business being transferred or to limit the freedom of the Seller to engage in any line of business or to compete with any Person;
- (viii) each contract providing for payments to or by any Person based on sales, purchases, or profits, other than direct payments for goods;
- (ix) each power of attorney that is currently effective and outstanding;
- (x) each contract for capital expenditures in excess of \$10,000.00;
- (xi) each written warranty, guaranty, and or other similar undertaking with respect to contractual performance extended by the Seller other than in the ordinary course of business;
- (xii) each non-competition agreement, non-solicitation agreement and confidentiality agreement that runs to the benefit of the Seller or any Stockholder with regard to the business;

(xiii) each broker, distributor, dealer, manufacturer's representative, franchise, agency, sales promotion, market research, marketing consulting and advertising agreement;

(xiv) each contract relating to indebtedness;

(xv) each contract with any Governmental Entity;

(xvi) each contract between or among the Seller and any Affiliate of the Seller; and

(xvii) each agent agreement and resale agreement between the Seller and any agent, sub-agent, agent manager or other third party, or

Each contract, arrangement, commitment or understanding of the type described in this section and listed on Schedule 3.8(a), is referred to herein as a "Seller Contract."

(b) Except as set forth in Schedule 3.8(b) hereto, (i) each Seller Contract is in full force and effect and, subject to the effect of any applicable bankruptcy, reorganization, insolvency (including, without limitation, all laws relating to fraudulent transfers), moratorium or similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to the effect of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), is legal, valid and binding upon the Seller, assuming due authorization of the other party or parties thereto, (ii) the Seller has in all material respects performed all obligations required to be performed by it to date under each such Seller Contract, and (iii) no event or condition exists which constitutes or, after notice or lapse of time or both, would constitute, a material default on the part of the Seller under any such Seller Contract.

3.9 Intellectual Property. To the Seller's knowledge, the Seller owns or has a right to use through valid and binding licenses, common law rights and/or other rights without payment of any material amount all material patents, copyrights, trade secrets, trade names, service marks, trademarks, domain names, software and other intellectual property used in the Business, which are set forth in Schedule 3.9, and the Seller has not received any notice of conflict with respect thereto that asserts the right of others. The Seller has performed in all material respects all the obligations required to be performed by it with respect to the items of intellectual property set forth in Schedule 3.9 and is not in material default under any contract, agreement, arrangement or commitment relating to any of the foregoing.

3.10 Agreements with Regulatory Agencies. Except as set forth in Schedule 3.10 hereto, the Seller is not subject to any cease-and-desist or other order issued by, or is a party to any written agreement, consent agreement or memorandum of understanding, commitment letter, suspension order, or similar undertaking (each a "Regulatory Agreement") with any regulatory agency or any other Governmental Entity that restricts the conduct of its business in any material

respect, nor has the Seller been notified by any regulatory agency or any other Governmental Entity that it is considering issuing or requesting any Regulatory Agreement.

3.11 Adequacy of Assets. The Assets constitute all of the material assets held for use or used in connection with the Business as currently conducted by the Seller (other than the Excluded Assets).

3.12 Brokers Fees. Neither the Seller nor any of its officers or directors, has employed any broker or finder or incurred any liability for any broker's fees, commissions or finder's fees in connection with any of the transactions contemplated by this Agreement.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to the Seller as follows:

4.1 Corporate Organization and Qualification. Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Michigan. Buyer has the power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted, and is or will be duly licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified would not have a material adverse effect on Buyer.

4.2 Authority; No Violations.

(a) Buyer has full power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Buyer and the consummation by Buyer of the transactions contemplated hereby have been duly and validly authorized by all requisite corporate action on the part of Buyer. No further proceedings on the part of Buyer are necessary to approve this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Buyer and (assuming the due authorization, execution and delivery by the Seller) constitutes a valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, subject to the effect of any applicable bankruptcy, reorganization, insolvency (including, without limitation, all laws relating to fraudulent transfers), moratorium or similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to the effect of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(b) Neither the execution and delivery of this Agreement by Buyer, nor the consummation by Buyer, as the case may be, of the transactions contemplated hereby, nor compliance by Buyer with any of the terms or provisions hereof, will (i) violate, conflict with or result in a breach of any provision of the Certificate of organization of Buyer, or (ii)(x) violate

any statute, code, ordinance, rule, regulations, judgment, order, writ, decree or injunction applicable to Buyer or any of its properties or assets, or (y) violate, conflict with, result in a breach of any provisions of or the loss of any benefit under, constitute a default (or any event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, or result in the creation of any lien, pledge, security interest, charge or other encumbrance upon any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which Buyer is a party, or by which it or any of its properties or assets may be bound or affected, except (in the case of clause (y) above) for such violations, conflicts, breaches or defaults which, either individually or in the aggregate, will not have a material adverse effect on Buyer.

4.3 Broker's Fees. Neither Buyer, nor any of its officers or directors, has employed any broker or finder or incurred any liability for any broker's fee, commission or finder's fee in connection with any of the transactions contemplated by this Agreement.

4.4 Regulatory Approvals. Schedule 4.4 sets forth all Regulatory Approvals which must be obtained by Buyer to operate the Business as currently operated by Seller.

4.5 No Knowledge of Breach. Neither Buyer nor any of its officers or directors believes, or has any reason to believe, that the representations and warranties of Seller are not true and correct in all material respects.

ARTICLE V

COVENANTS OF THE SELLER AND BUYER

5.1 Management of the Business; Conduct of the Business Pending Closing. Buyer and the Seller agree that until the Closing Date or the Agreement is terminated, whichever shall occur first, (the "Pre-Closing Period"), the Seller shall manage the business in all respects.

(a) Conduct of Business in Normal Course. Until the Closing the Seller shall carry on its business and activities diligently and in substantially the same manner as they previously have been carried on.

(b) Preservation of Business and Relationships. Until the Closing the Seller shall use commercially reasonable efforts, without making any commitments on behalf of the Buyer, to preserve the Business organization intact, to keep available the employees of the Business and to preserve the relationships of the Business with suppliers, customers and others having business relationships with it.

(c) No Asset Acquisition or Disposition. Until the Closing the Seller will make no material acquisition or disposition of Assets, nor incur any additional indebtedness related to the Business or the Assets, provided, that the Seller may enter into new customer contracts in the normal course generally consistent with past practice.

(d) Liens. The Seller shall not take any actions to create any liens or encumbrances other than Permitted Liens.

(e) Contracts. During the Pre-Closing Period, the Seller shall not enter into any leases, licenses, contracts, agreements, arrangements, understandings or other commitments relating to the Business or the Assets, except in the normal course generally consistent with past practice. The Seller shall not terminate or modify any existing contract with customers or telecommunications suppliers, except with notification to Buyer and in the normal course generally consistent with past practice.

(f) Suppliers. The Seller shall use commercially reasonable efforts to maintain the business relations of the Seller with its suppliers, customers and others with whom it has business relations relating to the Business generally consistent with past practice.

5.2 No Negotiations/Solicitations. The Seller will not directly or indirectly (through a representative or otherwise) solicit or furnish any information to any prospective buyer, or commence or conduct presently ongoing negotiations with any other party, or enter into any agreement with any other party concerning the sale of the Business or the Assets, or any material part thereof (an "Acquisition Proposal"); and the Seller shall promptly notify the Buyer of the receipt of any Acquisition Proposal and the terms thereof, provided that the Seller shall be under no obligation to disclose to the Buyer the identity of the author of any unsolicited Acquisition Proposal. The Seller shall not dispose of any interest in a material portion of the Business or the Assets except pursuant to this Agreement, as the same may be amended and in affect from time to time.

5.3 Closing Accounts Receivable; Previously Unbilled Call Detail Records. As soon as possible after the Closing, Buyer shall provide Seller with the FBC and local accounts receivable report as of the Closing, which shall be true and accurate in all material respects. After the Closing January 31, 2005, the Buyer shall use all commercially reasonable efforts to collect any revenues associated with the Seller's outstanding accounts receivable in existence on the Closing Date January 31, 2005 as set forth in paragraph 2.1. Buyer shall establish new merchant accounts and a new lockbox within 5 days after the Closing Date. All customer billings subsequent to the Closing Date shall be directed to the new lockbox.

5.4 Non-Disclosure Agreement. In addition to any other confidentiality covenants and obligations imposed under this Agreement, the parties agree to comply with the Non-Disclosure Agreement between the Buyer and the Seller.

5.5 Disclosures and Announcements. No press releases or filings shall be made by any party without the prior written approval of the Buyer and the Seller, which approval shall not be unreasonably withheld. All notices to third-parties, including but not limited to, regulatory authorities, customers, vendors and landlords, concerning this Agreement or the transactions contemplated hereby shall be jointly planned and coordinated by the Buyer and the Seller. Except as required by applicable law, Seller and the Buyer shall not give notice to third parties or

otherwise make any disclosure, public statement or releases concerning this Agreement or the transactions contemplated hereby except with the express written consent of the Buyer and the Seller, which consent shall not be unreasonably withheld.

5.6 Consents; Regulatory Approvals. The parties hereto shall cooperate with each other and use all reasonable efforts promptly to prepare and file all necessary documentation, to effect all applications, notices, petitions and filings, and to obtain as promptly as practicable all permits, consents, approvals and authorizations of all third parties and Governmental Entities including without limitation, all Regulatory Approvals and such State approvals and authorizations not currently held by the Buyer on the date hereof, which are necessary or reasonably advisable to consummate the transactions contemplated by this Agreement (including without limitation all regulatory filings and approvals necessary to transfer ownership of the customer accounts and the Letters of Agency from the Seller in each state where the Seller currently has end users and at the Federal Communications Commission (the "FCC"), which the parties hereby agree shall be prepared and prosecuted, on their joint behalf). The Buyer and the Seller shall have the right to review in advance, and to the extent practicable each will consult with the other on, in each case subject to applicable laws relating to the exchange of information, all the information relating to the Seller or Buyer, as the case may be, which appear in any filing made with or written materials submitted to, any third party or any Governmental Entity in connection with the transactions contemplated by this Agreement. In exercising the foregoing right, each of the parties hereto shall act reasonably and as promptly as practicable. The parties hereto agree that they will consult with the others with respect to the obtaining of all permits, consents, approvals and authorizations of all third parties and Governmental Entities necessary or advisable to consummate the transactions contemplated by this Agreement and each party will keep the other apprised of the status of matters relating to completion of the transactions contemplated herein. The Buyer and the Seller shall promptly furnish each other with copies of written communications received by Buyer or the Seller, as the case may be, from, or delivered by any of the foregoing to, any Governmental Entity in respect of the transactions contemplated hereby. Buyer shall make a good faith effort and take all reasonable steps to obtain the necessary regulatory approvals.

5.7 Schedules. The Seller shall promptly notify the Buyer in writing with respect to any matter arising or discovered after the date of execution of this Agreement, which matter, if existing or known at the date hereof, would have been required to be set forth or described in the Schedules to this Agreement. The Buyer shall notify Seller in writing promptly upon becoming aware of any inaccuracy in any of the Schedules. In either such event, Seller shall update the relevant schedule with no liability therefore.

ARTICLE VI

CONDITIONS PRECEDENT

6.1 Conditions to Obligations of Buyer. The obligation of Buyer to consummate the transactions contemplated herein is subject to the satisfaction or waiver by Buyer, at or prior to Closing Date, of the following conditions:

(a) Representations and Warranties. The representations and warranties of the Seller set forth in this Agreement shall be true and correct in all material respects as of the date of this Agreement and (except to the extent such representations and warranties speak as of an earlier date) as of the Closing Date as though made on and as of the Closing Date.

(b) Compliance With Agreement. The Seller shall have performed and complied in all material respects with each obligation and covenant required to be performed or complied with by it pursuant to the terms of this Agreement.

(c) No Prohibition. Neither the consummation nor the performance of any of the transactions contemplated by this Agreement will directly or indirectly (with or without notice or lapse of time), materially contravene, or conflict with, or result in a material violation of, or cause the Buyer to suffer any material adverse consequence under (i) any applicable laws, or (ii) any law that has been published, introduced, or otherwise proposed by or before any Governmental Entity.

(d) Absence of Liens. The Buyer (at its own expense) shall have received a UCC search report dated within 30 days of the Closing indicating that there are no filings under Article 9 of the UCC on file which indicate any lien on the Assets, except for Permitted Encumbrances.

(e) Condition of Assets. The Assets shall not have been affected in any way as a result of any fire, accident, storm or other casualty or labor or civil disturbance or act of God or the public enemy constituting a material adverse effect. In any such event the parties shall negotiate an adjustment to the Purchase Price.

(f) Carrier Agreements. All carrier agreements which were in place on July 31, 2004, shall be assigned to Buyer as soon as reasonably possible and approved by the Carriers or other arrangements reasonably satisfactory to Buyer are in place so as to allow Buyer to continue to provide the telecommunications services to the customers being acquired and any anticipated new customers.

(g) Closing Deliveries. The Seller shall have delivered, or caused the delivery to Buyer of, the License Agreement, the Interim Management Agreement whereby employees of the Buyer manage the Business on Seller's behalf until the Closing substantially in the form of Exhibit E (the "Management Agreement") and each of the other documents required to be delivered by the Seller on the Closing Date under Section 7.2.

(h) Tax Clearances. Seller agrees it is responsible for the payment of all taxes and regulatory fees, including, but not limited to, federal, state and local excise and sales taxes and federal and state regulatory and universal service fees, incurred up to the date of Closing.

6.2 Conditions to Obligations of the Seller. The obligations of the Seller to consummate the transactions contemplated herein is subject to the satisfaction, or waiver by the Seller, at or prior to the Closing of the following conditions:

(a) Representations and Warranties. The representations and warranties of Buyer set forth in this Agreement shall be true and correct in all material respects on the date of this Agreement and (except to the extent such representations and warranties speak as of an earlier date) as of the Closing Date, as though made on and as of the Closing Date.

(b) Compliance With Agreement. The Buyer shall have performed and complied in all material respects with each obligation and covenant required to be performed or complied with by the Buyer at or prior to the Closing Date pursuant to the terms of this Agreement, including delivery of the Closing Documents, which shall be in form and substance satisfactory to counsel for the Seller.

(c) No Prohibition. Neither the consummation nor the performance of any of the transactions contemplated by this Agreement will directly or indirectly (with or without notice or lapse of time), materially contravene, or conflict with, or result in a material violation of, or cause the Seller to suffer any material adverse consequence under (i) any applicable laws, or (ii) any law that has been published, introduced, or otherwise proposed by or before any Governmental Entity.

(d) Closing Deliveries. Buyer shall have delivered, or caused the delivery to the Seller of, the Note, the License Agreement, the Management Agreement and each of the other documents required to be delivered by Buyer on the Closing Date under Section 7.3.

ARTICLE VII

CLOSING

7.1 Closing.

(a) Closing Date. The Closing shall be held at 9:00 a.m. on January 31, 2005, at 1501 E. Woodfield Road, Ste 300 W, Schaumburg, IL 60173, or at such other time and place otherwise designated by the parties.

7.2 Documents to be Delivered by the Seller at the Closing. At the Closing, the Seller shall deliver to the Buyer the following documents:

(a) Transfer Instruments. Such bills of sale, assignments, licenses and other good and sufficient instruments of transfer, conveyance and assignment in form and substance reasonably acceptable to the Buyer and effective to vest in the Buyer all of the Seller's right, title and interest in and to the Assets for which the regulatory approvals have been obtained in accordance with the terms of this Agreement. If requested by Buyer, at the Closing, as to all Assets in States for which regulatory approvals are pending, the Seller shall deliver to the Buyers attorney the transfer instruments and other documents relating to such Assets to be held in escrow until the regulatory approval relating to such Asset is received. The documents will be dated as of the date of receipt of such regulatory approval. The date of such regulatory approval shall be deemed the Closing Date with respect to such Assets.

(b) Compliance Certificate. A certificate signed by the Seller to the effect that to the knowledge of the Seller the representations and warranties of the Seller set forth in Article III of this Agreement are true and correct in all material respects on and as of the Closing Date, with the same effect as though made or given on and as of the Closing Date (except for changes contemplated or permitted by the terms of this Agreement, consented to in writing by the Buyer, or made as of a particular date, in which case such representations and warranties shall have been true and correct in all material respects as of such date), and that the Seller has performed and complied in all material respects with each obligation and covenant required to be performed or complied with by the Seller on or prior to the Closing Date.

(c) Good Standing Certificate. A good standing certificate of the Seller from the Secretary of State of Illinois, obtained at the expense of the Seller, dated within thirty (30) days of the Closing.

(d) Resolution. A certified copy of the resolutions of the board of directors of the Seller authorizing and approving this Agreement and the consummation of the transactions contemplated by this Agreement; and (ii) identify by name and title and bear the signature of its officer authorized to execute any closing document to be executed and delivered on behalf of the Seller pursuant to the terms of this Agreement.

(e) Release of Encumbrances. UCC-3 termination statements or other evidence of the release of all Liens on the Assets other than Permitted Encumbrances.

(f) Other Documents. The License and Royalty Agreement, Interim Management Agreement, Security Agreement, Promissory Note, Consulting Agreement, Covenant Not to Compete and all other documents, instruments or writings required to be delivered to the Buyer pursuant to the terms of this Agreement, including documents evidencing the Regulatory Approvals received by the Closing Date.

7.3 Documents to be Delivered by the Buyer. At the Closing, the Buyer shall deliver to the Seller the following documents:

(a) Resolution. A certified copy of the resolutions of the Buyer authorizing and approving this Agreement and the consummation of the transactions contemplated by this Agreement; and identifying by name and title and bearing the signature of the person authorized to execute any Closing document to be executed and delivered on behalf of the Buyer pursuant to the terms of this Agreement.

(b) Payment; Note. The Buyer shall have paid the sum of \$360,000.00 by wire transfer in same day funds and shall have executed the Secured Promissory Note.

(c) Compliance Certificate. Certificates signed by the Buyer to the effect that the representations and warranties of the Buyer set forth in Article IV of this Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as though

made or given on and as of the Closing Date (except for changes contemplated or permitted by the terms of this Agreement, consented to in writing by the Seller, or made as of a particular date, in which case such representations and warranties shall have been true and correct in all material respects as of such date), and that the Buyer has performed and complied in all material respects with each obligation and covenant required to be performed or complied with by the Buyer on or prior to the Closing Date.

(d) Other Documents. The Note, Management Agreement, License and Royalty Agreement, Interim Management Agreement, Security Agreement, Promissory Note, Consulting Agreement, Covenant Not to Compete and all other documents, instruments or writings required to be delivered to the Seller at or prior to the Closing pursuant to the terms of this Agreement including documents evidencing the Regulatory Approvals received by the Closing Date.

7.4 Assignment of Contracts, Rights and Obligations. This Agreement reflects the Seller's intent to assign all of the Assets to the Buyer on or prior to the Closing Date subject to Section 7.6. However, at the Buyer's sole option, if an assignment thereof, without the consent of a third party thereto or the expiration of a notice period to a third party thereto, would constitute a breach or default thereof, cause or permit the acceleration or termination thereof or in any way materially and adversely affect the rights of the Buyer or the Seller thereunder or the right of the Buyer to conduct all or any part of the Business in the manner and on the terms presently enjoyed by the Seller, the parties shall arrange an equitable assignment by the Seller to the Buyer of all of the Seller's right, title and interest in and to, and obligations under, such Assets. If a third party consent is not obtained or notice period expired with respect to any such Assets as of the date hereof (i) the Seller shall cooperate with the Buyer in any reasonable arrangement designed to provide the Buyer the benefits under any such Assets, including, without limitation, compliance by the Seller on the Buyer's behalf with any such Assets and enforcement for the benefit of the Buyer of any and all rights of the Seller against a third party thereto arising out of the breach or cancellation by such third party or otherwise, and (ii) the Buyer shall indemnify and hold the Seller harmless in respect of any and all obligations owed by the Seller relating to such Assets and arising after the Closing Date. The Seller and the Buyer covenant to proceed promptly to complete and satisfy any such third party actions as soon as possible after the date hereof. Upon a third party consent being obtained or sufficient notice having expired with respect to any such Assets, the Seller shall assign to the Buyer and the Buyer shall assume from the Seller, in each case effective as of the date hereof, by supplemental instrument of conveyance if requested by the Seller or the Buyer, all of the Seller's right, title and interest in and to, and obligations under, such Assets, without further payment of consideration, and the arrangements entered into between the Seller and the Buyer pursuant to the foregoing sentence with respect to such Assets shall terminate as to such Asset.

7.5 Recording of Documents. The Buyer shall be responsible for the filing or recording of such assignments, instruments or documents delivered by the Seller hereunder as may be necessary to perfect the Buyer's right, title or interest in or to any of the Assets.

7.6 Passage of Title at Closing. Upon delivery of the transfer instruments at Closing or thereafter in accordance with the terms hereof, title to the Assets covered thereby shall pass to the Buyer. The Seller will put the Buyer in possession of all of the Assets for which Regulatory Approvals are received at the Closing and, as to the Assets and Business for which Regulatory Approvals are pending, the Seller shall put the Buyer in possession of all such Assets as of the date of receipt of Regulatory Approval relating to the transfer of such Asset. From and after the Closing or, if applicable, upon receipt of the Regulatory Approval pending as of the Closing Date relating to the Assets and the Business, the ownership and operation of the Assets conveyed to the Buyer pursuant to this Agreement shall be for the account and risk of the Buyer. To the extent that Assets aren't capable of being transferred at the Closing, the Seller shall continue to own such Assets and the Buyer shall manage such Assets for Seller pursuant to the Management Agreement.

ARTICLE VIII

TERMINATION AND AMENDMENT

8.1 Termination. This Agreement may be terminated at any time prior to the Closing Date:

(a) by consent of the Buyer and the Seller in a written instrument, if the appropriate officer of each so determines;

(b) by the Buyer or the Seller (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained herein) if there shall have been a material breach of any of the representations or warranties set forth in this Agreement on the part of the other party, (i) which breach (if susceptible to cure) is not cured within twenty (20) business days following written notice to the party committing such breach, or (ii) which breach, by its nature, cannot be cured;

(c) by the Buyer or the Seller if the Closing shall not have occurred by January 31, 2005.

ARTICLE IX

INDEMNIFICATION

9.1 Indemnification by the Seller. The Seller covenants and agrees that it will indemnify and hold the Buyer and its Affiliates, members, officers, employees and agents (collectively, the "Buyer's Indemnified Persons") at all times harmless from and against any loss, cost and expense ("Loss") (including reasonable attorneys' fees but excluding punitive, consequential and special damages) imposed on or incurred by the Buyer's Indemnified Persons caused by or arising out of or in connection with:

(a) any material misrepresentation, breach of warranty, or breach or nonfulfillment of any covenant or agreement to be performed on the part of the Seller or the Stockholder on or prior to the Closing Date as provided in this Agreement or any certificate or

other document delivered or to be delivered pursuant hereto, provided that Seller shall not be responsible for any breach of a representation or warranty based on information received or contained in, or omitted from, any schedule reviewed or prepared by any of the principals of Buyer, or

(b) the Excluded Liabilities.

9.2 Indemnification by the Buyer. The Buyer covenants and agrees that it will indemnify and hold the Seller and its successors and assigns and its respective Affiliates, officers, directors, employees, stockholders and agents (collectively, the "Seller's Indemnified Persons") at all times harmless from and against any Loss (including reasonable attorneys' fees and other costs of defense but excluding punitive, consequential and special damages) imposed on or incurred by the Seller's Indemnified Persons caused by or arising out of or in connection with:

(a) any material misrepresentation, breach of warranty, or breach or nonfulfillment of any covenant or agreement to be performed on the part of the Buyer prior to the Closing Date as provided in this Agreement or any certificate or other document delivered or to be delivered pursuant hereto,

(b) all debts, claims, liabilities and obligations of the Seller arising from the Assumed Liabilities, or

(c) the operation of the Business after the Closing Date.

9.3 Undisputed Claims. A party (the "Indemnified Party") may assert a Claim that it is entitled to, or may become entitled to, indemnification under this Agreement by giving written notice of its Claim to the party or parties that are, or may become, required to indemnify the Indemnified Party (the "Indemnified Party"), providing reasonable details of the facts giving rise to the Claim and a statement of the Indemnified Party's Loss in connection with the Claim, to the extent such Loss is then known to the Indemnified Party and, otherwise, an estimate of the amount of the Loss that it reasonably anticipates that it will incur or suffer.

9.4 Third-Party Suits. In the case of any Third-Party Suit, the Indemnifying Party shall control the defense of the Third-Party Suit, and shall be fully responsible for the costs of counsel related thereto the Indemnifying Party shall consult with the Indemnified Party with respect to the Third-Party Suit upon the Indemnified Party's reasonable request for consultation, and the Indemnified Party may, at its expense, participate in (but not control) the defense and employ counsel separate from the counsel employed by the Indemnifying Party. All parties shall cooperate in the defense of the Third-Party Suit.

9.5 Settlement or Compromise. If the Indemnified Party is conducting the defense of a Third-Party Suit, the Indemnified Party shall give the Indemnifying Party at least fifteen (15) days prior written notice of any proposed settlement or compromise, during which time the Indemnifying Party may assume the defense of the Third-Party Suit and, if it does so (or if the

Indemnifying Party has already assumed control of such Third-Party Suit), the proposed settlement or compromise may not be made without the Indemnified Party's consent, which shall not be unreasonably withheld. If consent is withheld, the Indemnified Party shall pay or reimburse the Indemnifying Party for the amount of any award or settlement over the rejected settlement or compromise. If the Indemnifying Party does not so assume the defense of the Third-Party Suit, the Indemnified Party may enter into the proposed settlement. Any settlement or compromise of any Third-Party Suit by either the Indemnifying Party or the Indemnified Party entered into in compliance with this Section 9.5 shall also be binding on the other party in the same manner as if a final judgment or decree had been entered by a court of competent jurisdiction in the amount of the settlement or compromise.

9.6 Failure to Act by Indemnified Party. Any failure by the Indemnified Party to defend a Third-Party Suit shall not relieve the Indemnifying Party of its indemnification obligations if the Indemnified Party gives the Indemnifying Party at least thirty (30) days prior written notice of the Indemnified Party's intention not to defend and affords the Indemnifying Party the opportunity to assume the defense.

9.7 Survival of Representations and Warranties; Time to Assert Claim. All representations and warranties in this Agreement and any other certificate or document delivered pursuant to this Agreement will survive until January 31, 2006. The covenants and obligations shall survive until all amounts have been paid under the Secured Promissory Note.

ARTICLE X

MISCELLANEOUS AND GENERAL

10.1 Employee Matters. Buyer may, at its sole option, interview and offer employment to employees of the Seller. Notwithstanding the foregoing, Buyer shall have no liability or obligation with respect to any employee of the Seller, including without limitation any severance, contractual or other liabilities arising out of any employee's employment with the Seller.

10.2 Sales, Use and Excise Taxes.

The Buyer and the Seller acknowledge and agree that they intend the transactions contemplated hereby to be treated to the broadest extent possible as either (i) an exempt casual or isolated sale (or similar exempt transaction), or, (ii) an exempt sale for resale, pursuant to applicable sales and use tax, excise tax, gross receipts tax or similar Tax provisions. Notwithstanding the foregoing, however, the Seller shall pay all sales, use, excise, gross receipts and transfer taxes (exclusive of any income taxes, including, without limitation, capital gains taxes, of the Seller and any Stockholder), if any, arising by reason of the sale and the transfer of the Assets pursuant to this Agreement. The Buyer shall not be responsible for any business, occupation, withholding or similar Tax, or for any Taxes of any kind related to any period before the Closing Date.

10.3 Access to Books and Records. Each of the Buyer and the Seller shall preserve until January 31, 2008, all records possessed or to be possessed by such party relating to any of the Assets or the business prior to the Closing Date. After the Closing Date, where there is a legitimate purpose, such party shall provide the other parties with access, upon prior reasonable written request specifying the need therefor, during regular business hours, to (i) the officers and employees of such party and (ii) the books of account and records of such party, but, in each case, only to the extent relating to the Assets or the business prior to the Closing Date, and the other parties and their representatives shall have the right to make copies of such books and records; provided, however, that the foregoing right of access shall not be exercisable in such a manner as to interfere unreasonably with the normal operations and business of such party; and further, provided, that, as to so much of such information as constitutes trade secrets or confidential business information of such party, the requesting party and its officers, directors and representatives will use due care to not disclose such information. Such records may nevertheless be destroyed by a party if such party sends to the other parties written notice of its intent to destroy records specifying with particularity the contents of the records to be destroyed. Such records may then be destroyed after the 30th day after such notice is given unless another party objects to the destruction in which case the party seeking to destroy the records shall deliver such records to the objecting party.

10.4 No Third-Party Rights. Nothing expressed or referred to in this Agreement is intended or shall be construed to give any Person other than the parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement, or any provision hereof, being the intention of the parties hereto that this Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement and their respective successors and assigns, and for the benefit of no other Person.

10.5 Schedules. The Schedules referenced in this Agreement constitute an integral part hereof. Information disclosed on any Schedule shall be deemed to have been disclosed with respect to all other articles and sections of this Agreement which are reasonably related to the information in such Schedule.

10.6 Further Assurances. The Seller and the Buyer hereby agree to execute and deliver such other documents and instruments, and take such other actions, as may be reasonably necessary or desirable in order to consummate and implement the transactions contemplated by this Agreement.

10.7 Parties-in-Interest; Assignment. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties hereto and their respective successors and assigns. Neither party may assign its rights and obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld.

10.8 Mutual Drafting. This Agreement is the joint product of the parties hereto and each provision hereof has been subject to the mutual consultation, negotiation and agreement of, and shall not be construed for or against, any party hereto.

Washington, D.C. 20024
Fax: 202-406-3604

with a copy to:

Julie Anna Potts
General Counsel
600 Maryland Avenue SW Suite 800
Washington, D.C. 20024
Fax: 202-406-3604

or to such other persons or addresses as may be designated in writing by the party to receive such notice.

10.14 Entire Agreement. This Agreement (including the Schedules thereto), the License and License Agreement, the Secured Promissory Note, Security Agreement, the Interim Management Agreement, the Consulting Agreement, Covenant Not to Compete and the closing documents constitute the entire agreement between the parties hereto with respect to the transactions contemplated hereby, and there have been and are no agreements, representations or warranties between the parties other than those set forth or provided for herein or therein.

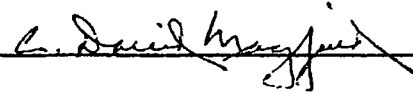
10.15 Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is deemed to be so broad as to be unenforceable, the provision shall be interpreted to be only so broadly as is enforceable.

10.16 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

10.17 Captions. The article, section and paragraph captions herein are for convenience of reference only, do not constitute a part of this Agreement, and shall not be deemed to limit or otherwise affect any of the provisions hereof.

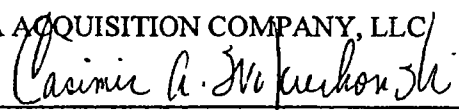
IN WITNESS WHEREOF, the Buyer and the Seller have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the date first above written.

AMERICAN FARM BUREAU, INC.

By 
Its CORPORATE SECRETARY

"Seller"

IBFA ACQUISITION COMPANY, LLC

By 
Its President

"Buyer"

American Farm Bureau, Inc. – IBFA Acquisition Company, LLC

Asset Purchase Agreement Schedule 1.1(d)

LICENSES

Jurisdiction	Consents and Approvals
Alabama	Certificate of Public Convenience and Necessity to Provide Telephone Toll Resale Service
Arkansas	Certificate of Public Convenience and Necessity to Provide Local and Long Distance Service
California	Certificate of Public Convenience and Necessity to Provide Local and Long Distance Telecommunications Services in California
Colorado	Registered Toll Reseller
Connecticut	Certificate of Public Convenience and Necessity to Provide Local and Long Distance Service
Florida	Certificate to Provide Interexchange Telecommunications Service
Georgia	Certificate to Resell Interexchange Service and Provide Local Service
Illinois	Certificate of Interexchange and Local Service Authority
Indiana	Certificate of Territorial Authority
Iowa	Registered Telecommunications Service Provider
Kansas	Certificate of Public Convenience and Necessity
Kentucky	Registered to Provide Intrastate Local and Long Distance Service
Louisiana	Certificate of Authority to Operate as a Telecommunications Service Provider
Maine	Certificate of Public Convenience and Necessity
Maryland	Certificate of Public Convenience and Necessity
Massachusetts	Approved Tariff/Statement of Business Operations
Michigan	Certificate of Public Convenience and Necessity to Provide Local and Long Distance Service
Minnesota	Certificate of Public Convenience and Necessity
Mississippi	Certificate of Public Convenience and Necessity
Missouri	Certificate of Public Convenience and Necessity to Provide Local and Long Distance Service
Montana	Certificate of Public Convenience and Necessity
Nebraska	Certificate of Public Convenience and Necessity
Nevada	Certificate of Public Convenience and Necessity
New Jersey	Registered Reseller of Telecommunications
New Mexico	Certificate of Public Convenience and Necessity
New York	Certificate of Public Convenience and Necessity to Provide All Forms of Telecommunications Services
North Carolina	Certificate of Public Convenience and Necessity to Provide Local and Long Distance Service
North Dakota	Certificate of Public Convenience and Necessity
Oklahoma	Certificate of Public Convenience and Necessity to Provide Local and Long Distance Service
Oregon	Certificate of Public Convenience and Necessity
Pennsylvania	Certificate of Public Convenience and Necessity
Tennessee	Certificate of Public Convenience and Necessity to Provide Local and Long Distance Service
Texas	Certificate of Public Convenience and Necessity to Provide Local and Long Distance Service
Vermont	Certificate of Public Good
Virginia	Registered Reseller of Telecommunications Services
Washington	Registered Reseller of Telecommunications Services
West Virginia	Certificate of Public Convenience and Necessity
Wisconsin	Certificate of Authority Alternative Telecommunications Utility
FCC	Section 214 International Operating Authority (ITC-96-587) Blanket Domestic Authority